

# PROPOSALS

For making the

BANK of SCOTLAND

More Useful and Profitable:

And for raising the

Value of the Land-Interest

O F

N O R T H - B R I T A I N .

*By James Armour*

---



---

E D I N B U R G H :

Printed by John Mosman and Company, in the Year M.DCC.XXII.

PROPOSALS

For making the

BANK OF ENGLAND

More and more

And for raising the

Value of the Land

OF

WORTH-BRITAIN

46

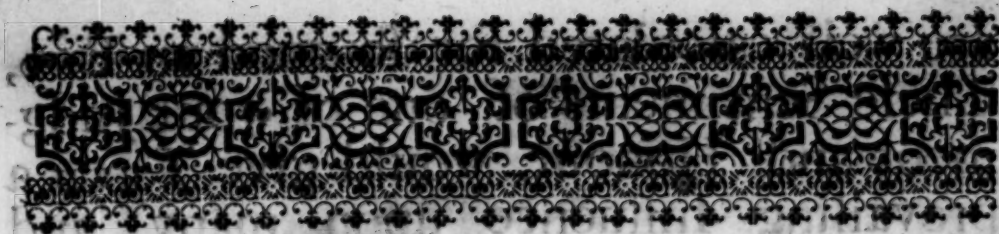
11 3

115



PRINTED BY

Printed by John Macdonald and Company in the Strand



To the Right Honourable,  
*David Earl of Leven, &c.*  
**GOVERNOUR**  
OF THE  
**BANK of SCOTLAND.**

*My LORD,*



It is with the greatest Submission, that in publishing the following PROPOSALS, I presume to Address to your Lordship, to whom, I'm perswaded, what is offer'd with a View to serve your COUNTRY, and the BANK-COMPANY, will not be unacceptable; should your Lordship be of Opinion, That the PROPOSALS



( )  
are well calculated for so good an END,  
These Sentiments of one of your Judg-  
ment and Honour, would give THEM a  
prevailing Influence upon many, and  
might very much tend to promote what  
is design'd for the Good of the NATION;  
was it not for that Reason, I should  
not have taken this Liberty, which I  
hope will not be disagreeable to your  
Lordship: I am, with great Respect,

My LORD,

Your Lordship's most humble

and most obedient Servant,

JAMES ARMOUR.

Edinburgh, 16th,  
March 1722.



( )



## To the READER.



*BEING* commissioned by some very Honourable Gentlemen, as a COMMITTEE of the DIRECTORS of the ROYAL EXCHANGE ASSURANCE COMPANY at LONDON, to offer the following PROPOSALS to the GOVERNOR and COMPANY of the BANK of SCOTLAND, which, in my humble Opinion, are for the Interest, not only of the BANK-COMPANY, but also of the whole NATION, I think my self oblig'd to subject THEM to the Consideration of every one, who will take the Trouble to examine 'EM, and has Resolution enough to judge for himself :: 'Tis in vain to write for him, who, for Want of this Resolution, submits himself and his Concerns to another's Conduct, without enquiring into the Reasons of Things, such a One may save himself the Trouble of examining these PROPOSALS, and leave it for a Task to his DIRECTOR.

PROPOSALS.



To the READER.

*[The page contains faint, illegible text, likely bleed-through from the reverse side.]*



# PROPOSALS

For making the

## BANK of SCOTLAND

More Useful and Profitable :

And for raising the

## Value of the Land-Interest

O F

## N O R T H - B R I T A I N .



THE bad Effects of the *Scarcity of Money*, and a *sunk Credit*, are now too generally felt, for any one who regards the *Interests* of his *Country*, to remain unconcerned in so great a Calamity ; In such Circumstances one may reasonably hope, that a *Proposal*, offer'd with a View to the *common Relief*, will, at least, meet with a favourable Reception.

'T WILL be needless for me to offer to set forth the Advantages of a Plenty of Money, and an extensive Credit, establish'd on a solid Foundation, these being obvious to every Man of common Understanding.

B

NOR



NOR need I endeavour to prove what every one will readily admit, that *Land* is by much the surest Fund of Credit, by reason that it is not only capable of being so Ascertain'd, as that it mayn't be alienated, to the Disappointment of those who trust to it; but also that it is more like to retain its *Value*, than any other Fund.

YEA, whether we reflect upon what has happened in our own Time, or consult the Histories of former Ages, we shall find that *Land* has gradually risen in its *Value*.

THE Fluctuation that lately happen'd of the Value of *Land*, upon the sudden Rise and Fall of the *Stocks*, makes nothing against my Supposition, seeing that Fluctuation was only in the imaginary *Value*, that is, in how much the Prices of *Land* did exceed the true *Value*; under which, reckoning it after the Rate of *Twenty Years Purchase*, the Prices have not yet fallen: Nor can any Instance be brought of any one, who, at the Time when *Land* was sold at the very highest Prices, was induced to lend upon *Land*, a Sum exceeding *Twenty Years Purchase*, or near so much; so that the *Land-Credit* did not suffer so much as a Damp even under that Fluctuation.

PERHAPS no Country in the World affords a better Opportunity for a *Land Credit*, than THIS of NORTH-BRITAIN does, in Proportion to our Extent, not only by Reason that our Registers are sufficient to ascertain the Property of *Land*, but also that we have already the Privilege of a BANK, empower'd expressly to lend upon it.

THIS is true, That, for a long Time past, this Bank hath been but very scanty in her Loans upon *Land*, or upon any other Security; but whatever may have been the Motives of this Conduct for Time past, it is reasonable to think, That was the BANK strengthened with a greater Quantity of *Cash*, than she hath hitherto been provided with, and for which no immediate Demand could be made upon her, she might safely issue *Notes* in Loans upon *Land*, and other proper Securities, to a much greater Amount than she hath done at any Time heretofore; and that not only for the Advantage of the Bank Proprietors, but also of the whole Nation.

To enable our BANK to this, a Committee of the Directors of the Royal Exchange Assurance Company, authoriz'd to that Effect, have empower'd me to PROPOSE, That this Company will furnish the BANK of Scotland with L. 20000 *st.* in *Specie*; upon this Condition, That after allowing the Bank Proprietors a Dividend of L. 2500 *Sterling* per Annum of free Profits, upon the L. 20000 *Sterling* already paid in by them of their CAPITAL, the Superplus Profits arising from the Interest of the Loans, shall be equally divided betwixt the Two Companies.

THOSE

THOSE of the *Royal Exchange Assurance Company* are perswaded, That if the Design is in any Measure pursu'd, such *Profits* must needs accrue, as will not only make *Bank-Stock* very valuable, but as will also content the *Assurance Company*, for the Use of the Money they lodge in the BANK; yet seeing they don't claim any Share of the *Direction*, or so much as one *Vote*, in the *Management* of the BANK; but are to depend intirely upon the Honour and Integrity of the *Bank Company*, for any *Profits* that they propose to themselves; 'tis but just that some *Provision* be made, to free them of any Apprehensions of being subjected to an unnecessary Dependence upon the Will of others, I mean, of the *Directors* of our BANK, who might otherwise, possibly out of mere *Obstinacy* or *Caprice*, to the great Prejudice of the *Assurance Company*, lock up their Money, without using it.

EVERY one, who is at the Pains to consider, will be of Opinion, that, in these Circumstances, the *Royal Exchange Assurance Company* should have Liberty to demand the £ 20000 Sterling of the BANK, upon such Notice as may give the BANK Time enough to prepare to answer the Demand, without being straitned: And indeed this is all the Expedient that the *Assurance Company* propose, for preventing the Loss they might otherwise sustain.

THE *Assurance Company* is willing, that, if ever they find it necessary to make such a Demand, it shall be upon no less than Twelve Months Notice, tho' it is very certain, that half that Time might suffice; and, was the Money repaid, the BANK would be in no worse Circumstances than she is now.

SHOULD the *Proposals* be accepted, and have the desir'd Effect, it were unjust for the BANK to give up with the *Assurance Company*, and frustrate them of the Benefit of their own *Proposals*; and perhaps when they may have lost Part of the Interest of their Money in the Beginning, ere the Scheme is brought to bear; and therefore 'tis but reasonable that they be allow'd a certain Term of Years, to enjoy Part of the Profits of it, especially seeing 'tis but a very small Part they ask, in Comparison of what is allowed to the BANK, and of the Advantages it will bring to the whole Country.

IT is therefore Proposed, That the *Royal Exchange Assurance Company* have Liberty to continue the said £ 20000 Sterling with the BANK, for the Space of *Twelve Years*, from the executing of the Agreement: And sure the *Proprietors* of *Bank-Stock* ought not to grudge that *Company* this, when they themselves are to reap as much of the Produce of that *Company's* Money, I mean of the *Surplus Profits*, as must, in this Case, content those of the *Assurance Company*, for the Use of their £ 20000 Sterl.

AS the BANK, in order to induce People to borrow of her, has been in Use to lend upon Bonds at a lower Interest, than what is allow'd by Law;

those of the *Assurance Company*, are to leave it to the *Bank Company*, to lend at such low Interest as they shall think fit, without being accomptable for more than in Proportion to what they receive.

SEEING the *Proprietors* of the *BANK*, according to what is proposed, are to be allow'd to draw, in the first Place, out of the *Profits* to be gain'd upon the *Bank-Loans*, the Sum of *L 2500 sterl. per Annum* of free *Profits*, upon the *L 20000 st.* paid in by them of their *Capital*, whereof *L 2000 st.* as a Dividend of free *Profits* upon the *L 10000 st.* first paid in, and the remaining *L 500 st.* as the Interest of the other *L 10000*. 'tis but reasonable that the *L 20000 sterl.* paid in of their *Capital*, remain in the *BANK*, so long as those of the *Assurance Company* continue their Money there.

THE Committee of *Directors* of the aforesaid *Assurance Company*, being also perswaded, that the Settling of an Intercourse of Exchange betwixt the Two Companies, would not only conduce to the Good of the Companies, but of the whole Nation; and considering that it will be for the Interest of that Company upon the Footing propos'd, that the Credit of our Bank be establish'd beyond Exception, they have also instructed me to offer it as their Opinion, That the *Assurance Company* shall honour and pay from Time to Time, Bills of Exchange, to be drawn by the Bank upon that Company to the Amount of *L. 5000 Sterling*, our Bank being only to answer that Company's Draughts to the Amount of what they shall have advanced and paid on the Bank's Bills for the Time, and so forth to continue from Time to Time; The *Assurance Company* to be always the Advancers upon the Bank's Bills, and the Bank only bound to Repay, by answering that Company's Bills, when she has their Effects in her Hands; so that besides the *L. 20000 Sterling* that the *Assurance Company* is to lodge in the Bank, to enable her to extend her Loans, she is at all Times to have Credit with that Company for *L. 5000 Sterling* more, upon the Head of Bills of Exchange.

THO' 'tis evident that thus the Business of Exchange is to be carried on with the *Assurance Company's Money*, yet 'tis propos'd, That the Bank shall have half the Profits of what Exchange shall be got by these Bills to be drawn by both Companies, without risking or advancing One Farthing.

THE Bills of the Two Companies, were they made payable at Sight, and without exacting more than One per Centum of Exchange, would be preferred to those of any private Dealer, to the great Advantage of Trade, and Benefit of the Two Companies.



TO form a right Judgment of these *Proposals*, it is necessary, that, on the one Hand, we take a View of the *Advantages* proposed by them, as well to the Nation in general, as to the *Proprietors* of the Two Companies in particular; and on the other, consider if there lies any *Objection* to these *Proposals*, of *Weight* enough to hinder us from accepting them.

Now, to take a View of the *Advantages* proposed, let me suppose what will not be refused;

That, after so much Money is dispersed through the Nation, as is necessary for *Barter* in the ordinary *Markets*, for purchasing *Vivres*, and the present *Conveniencies* of Life, all other *Sums* of Money (if we may judge from daily Experience, will be thought to be better lodg'd in BANK, not only for the greater Security against Thieves and Robbers, but also because *Notes* are more portable; and, being of *Credit* enough, are circulated as Money, and have all its Effects; when, at the same Time, they free us of the Apprehensions of false Coin, and serve in the Dispatch of Business.

THOSE *Notes* passing through many Hands, and it may be for Years, without any Call for the Contents in *specie*, and which, if call'd for by one Hand, may perhaps be just return'd for a new *Note* by another; and the *Notes* being more frequently sought to be renew'd, or broke into smaller ones, than the Contents are demanded, it follows evidently, and is confirmed by constant Experience, that a *Sum* in *specie* will serve to circulate *Notes* to a much greater *Value*; and still as the *Specie* is increas'd, it will circulate *Notes* in a greater Proportion: For, SUPPOSE that L 40,000 *sterl.* plac'd in a BANK, (well guarded against all Occasions of Distrust) were able, in a certain Sphere, (I mean Scotland) to circulate only L 100,000 in *Notes*; yet, with the Addition of L 20,000 more, making up L 60,000 in *specie*, this *Sum* would in all Probability be able to circulate in the same Sphere, L 300,000. in *Notes* and more: And if more *Specie* is still suppos'd, the Circulation might be yet in a greater Proportion. Why? Because, as is already observ'd, when a Nation is serv'd with so much *Specie* dispersed through it, as is sufficient for ordinary Uses, and the BANK is possess'd of the rest, whence should any great Demands on it arise, but from a *Dissidence* of the Management, the Loss of the Balance of Trade, a civil War, a Foreign Invasion, or the Apprehensions of These? The Difficulties arising thence, I shall endeavour to remove.

IT is certain that where a BANK stands guarded against all Occasions of Distrust, the only Cause that at any Time more *Specie* is demanded than there is Use for, the Demand upon her for *Specie* is not in proportion to the *Notes* issued, but to the *Exigencies* of Trade and Business; and consequently, when so much Money is dispers'd through the Nation, as is sufficient for ordinary Uses, and the Bank is possess'd of enough to answer the Emergencies of Trade,

and issues *Notes* only upon such *Securities* as are *unexceptionable*, she will be so little obnoxious to Distrust, that, upon the Addition of *L. 20000 Specie*, she will be in a Condition, with Safety, to issue *Notes* to a very great Amount.

AND seeing, in such Circumstances, no *Demands* would be made upon the BANK, for more Money than Peoples necessary Occasions require; it only remains, that the *Bank-Cash* be so increas'd, as to enable her fully to answer *These*: For, was it but increas'd to that Degree, she would be in a Condition to issue her *Notes* in *Loans*, upon good *Securities*, to such an Amount as would fully answer the *Ends* proposed.

THE *Specie* lodged in BANK, is but of the *Surplus* that remains after the necessary *Demands* are answer'd; So long as there is any necessary Demand of *Specie* for Circulation, it is to be suppos'd, that Recourse will be had to the BANK, upon her *Notes*, while any of 'em are out, for answering that DEMAND; Till the necessary *Demands* are answer'd, it can't be thought, that any Quantity of *Specie* will be left in the BANK: And seeing our BANK, even on the present Footing, is possess'd of a Quantity of *Cash*, it is but reasonable to infer, that there is so much *Specie* already dispers'd through the Nation, as is sufficient for the ordinary *Uses*, and that the only Danger which the BANK, in the Circumstances she is in at present, has to apprehend, is, from the *Demands* which the *Emergencies* in Trade might occasion; But when it is propos'd, that *L. 20000 Sterl.* shall be added to her *Cash*, which may be thought more than sufficient to answer *these*, we may justly conclude, that she will be enabled to issue *Notes* to a very considerable Extent.

THOSE who borrow of the BANK, being allow'd to pay the Sum borrow'd by *Parts*; it is not to be doubted but the *Proprietors* of Land will incline to borrow of the BANK, as much as they find necessary for paying their former *Debts*, and as they can employ in Trade, *Improvements* of Land, or the like: And should the BANK issue *Notes* in *Loans* upon *unexceptionable Securities* to the Amount suppose of *L. 200,000 Sterling*, beyond what she lends now, where could the Inconveniency be?

So far would the BANK's issuing *Notes* to a great Amount on *unquestionable Securities* be, from occasioning the *Demands* upon her for Money, that, on the contrary, I'm perswaded, the *Bank-Notes* would, in a great Measure, serve in place of Money, and consequently, the more the Use of them obtain'd, there would be the less Demand for Money; insomuch, that tho' the whole *Specie* now in Circulation were not sufficient, on our present Footing, to answer the necessary Occasions, yet, with the Help of the *Bank-Notes* propos'd, 'tis demonstrable, that much less would suffice.

THUS

THUS, it can't be suppos'd, that the BANK, in those Circumstances, could ever be in want of *Money* to answer necessary *Demands*; and could we suppose that Men would act so much against *Reason*, and their own *Interest*, as to make *Demands* for more than is necessary, the BANK could be at no Loss to answer even *these*, from the continual *Returns* she would have of her *Loans*, and the *Demands* she could make on her *Debitors*.

SHOULD they who borrow of the BANK be obliged to Repay on short *Notice*, were it but by such *Proportions* as perhaps 'twere reasonable to fix, the BANK would never be in Danger of any *Run*, but what she could quickly stay, by a *Call* upon her *Debitors*, which they being to answer either in *Specie*, or *Bank-Notes*, would make the *Bank-Notes* to be as much in Demand as *Specie*, whereby any *Run* upon the BANK would be at an *End*.

WERE the *Bank-Loans* to the full *Extent* mentioned, or even to a greater *Amount*, the better would it be for the *Nation*; for surely more will not be ask'd in *Loan* than there is *Use* for: Unless the Borrower can make more of the *Loan* than the *Interest* he pays for it, he will cease to borrow; and if he makes more, it must be that the Sum borrow'd, through whatever *Hands* it passes, comes at last to be employ'd in *Trade* or *Improvements* of *Land*, which bring a greater *Return* for it than the *Interest*, and that for the Benefit of the *Nation*.

As the *Bank-Loans* on the *Securities* propos'd, should happen to be increas'd, the *Credit* of the BANK would be rais'd, by reason of the *Profits* accruing.

THE *Funds* upon which the BANK would lend, being *clear*, and unquestionably good, the *Rules* of *Lending* being made plain and simple, the *Loans*, in any Event, within the intrinsic Value of the *Fund*, and Men of *Probity*, *Judgment* and *Substance* in the *Direction*, nothing is to be fear'd from the *Management*, nor need we apprehend any *Drain* from the *Loss* of the *Ballance* of *Trade*, which must surely, in such a Case, turn in our Favour: And who, in a *Civil-War*, or *Foreign Invasion*, would reckon his *Money*, or *Moveables*, near so safe, as *Securities* of *Land*, which can neither be lost, nor overturn'd, but upon such a dreadful Event, as a free People would not desire to survive?

THE many *Advantages* that would arise by the *Intercourse* of *Exchange* propos'd, not only to the *Proprietors* of both *Companies*, but also to our *Country*, are so very obvious; that I can't suffer my self to believe that there is any one Man, who has the least *Regard* for his *Country*, that would not wish to see it speedily settled: Some there are, who in this, would cheerfully give up their own particular *Interests*, to the greater Good of their *Country*; others there may be, who for their own private *Gains*, do wish



it had never been thought of; but now that it is propos'd, upon Terms so very desir'able and safe, having nothing to object, don't speak out, whatever may be their Whisperings against it in a Corner.

THESE Measures pursu'd, all the *Landed Gentlemen* in Scotland, those concerned in *Trade*, and in a Word, the substantial Part of our Country would find it their *Interest*, to support the BANK, not only *these* who shall have actually borrow'd of her, in their own Defence, as knowing no Distress can happen to her, but what must occasion a *Call* upon them; but even *those* who have not borrow'd, in order to preserve a *common Benefit*, whereof they themselves might hope to partake, as Occasion should require.

SUCH Measures would not only at once restore *Credit* on a solid and lasting Foundation, make the *Land-Interest* to be worth half as much more as it is now, and raise the *Bank-stock* to *Three Times* its present *Value*, but would also give such Life and Spirit to *Trade* and *Manufacture*, as must needs turn the Ballance in our Favours, whereby more would be brought to our Country, than it can be suppos'd, any Share of the Profits to be given to the *Assurance Company*, could possibly amount to.

No one who considers the *Proposals*, whereby so many *Advantages* are intended to our BANK, and for the Benefit of our Country, would be easily brought to believe, that they could have met with so cold a Reception as they have done, from the late *Deputy-Governor*, and most of the *ordinary Directors* of our BANK, to whom they were communicated, (\* a very few excepted) had not they, the *Directors* themselves, been at some Pains to convince the World of it. Whether in this they have been mov'd by a Concern for the *Publick Good*, the *Advantage* of the *Bank-Proprietors*, or their own *private Views*, I don't pretend to determine, leaving that to the Judgment of the Reader, after he shall have heard the *Directors* give their own Reasons, if they will be so condescending, as to oblige the World, or their own *Constituents*, with them: Mean time I shall endeavour to consider what *Objections* I have hitherto heard pointed at.

Imo, SOME have made a Doubt, if the BANK might lawfully take the £ 20,000 sterl. of the *Assurance Company's* Money; but these it seems have very little considered the *Bank's* Charter, whereby she is expressly allow'd to lend and borrow Money upon *Interest*, and negotiate *Bills of Exchange*. It is certain, that every Person, and *Body corporate*, have a Right to borrow and lend, unless they are restrain'd by a Law: Now, so far is our Bank from being so restrained, that she is expressly empower'd to that Effect.

2do,

\* Mr. James Gordon, and Mr. Thomas Pringle, ought justly to be excepted, as they who did not decline to reason upon the *Proposals*.

do, It has been suggested, That if the Assurance Company are willing to furnish our Bank with L 20,000 *sterl.* in *specie*, without the *Stipulation* of a certain *Return* for the Use of their Money, only upon the Prospect of a Share of the *Surplus Profits*, to be made by the Bank, over the *Dividend* she is now in Use to make, it must be at least in Hopes of *Gain*: And what should hinder us (say they) to reap this Gain our selves, by making a Call upon the *Proprietors* of the Bank, for L 20,000 more of their *Capital*, which, no doubt, would be readily paid in.

BUT this Suggestion will soon be set aside, if we consider that the Bank has already gain'd so much *Credit* in Scotland, that all such *Sums* or *Quantities* of *Specie*, that can be well wanted from *necessary Uses*, I mean, as are not necessarily circulated in purchasing *Vivres*, and the other *Conveniencies* of *Life*, are already lodg'd in BANK, as a safe *Repository*, whence the same may be commanded at *Pleasure*.

THOSE concern'd in *Trade* and *Business* (with whom the Bulk of the *Specie* of any *State* or *Kingdom* is) will vouch for me in this, that, for their own *Ease* and *Convenience*, and the *Dispatch* of *Business*, they chuse rather to keep *Bank-Notes* than *Specie*; so that truly a Call upon the *Bank-Proprietors* would be answer'd in *Notes*, and not in *Specie*, which would by no means strengthen the BANK, or enable her to extend her *Loans*, and consequently would not be for the *Advantage* of the *Proprietors*; whereas the Addition propos'd of L 20,000 *Foreign Specie*, which would not be in the BANK otherwise, and for which no *Notes* that could make a summary *Call*, were issued, would have quite another *Effect*.

THO' this is very obvious, yet we shall endeavour to bring it down to the meanest Capacity.

No Body will pretend to know precisely what may be the *Amount* of the *Specie* in Scotland, nor is it necessary we should: For forming the Argument, a *Supposition* will suffice.

WE shall then put the Case, as if the whole *Specie* in Scotland did amount to L 80,000 *Sterl.* whereof a Part behoved necessarily to be circulated in *Markets* for purchasing *Vivres*, &c. and reckoning this Part to L 40,000, the remaining L 40,000 would be left in *Sums* of *Money* passing from *Hand* to *Hand*, as *Occasions* in *Business* require; and supposing what will be admitted, that this last mentioned L 40,000 could well be lodged in a safe *Repository*, that would answer for it upon *Demand*, and that a well constituted BANK is the best *Repository*. Let us further suppose, That a BANK were to be established by a *Charter*, allowing the *Adventurers* to subscribe for L 100,000 as the *Capital Stock* of the Company, and that of THIS, one Tenth, being L 10,000, was to be paid in at the Beginning; should I ask any indifferent Person, Whether he thought this L 10,000 would be taken from the

Money that was necessarily circulated in *Markets, &c.* and paid in to the BANK, or rather, if it would be paid out of the L. 40,000 suppos'd to be the *Amount* of what could be spared from the *Markets, &c.* and was left in *Sums*, I think I should have Reason to expect for Answer, That it would be paid out of what was left in *Sums*.

IF the BANK, upon this L. 10,000 so paid in, came to be universally reputed a safe *Repository* for *Money*, we may reasonably conclude, That what *Specie* is not necessarily circulated would be lodged in the BANK, in Exchange for *Bank-Notes*, these being more eligible than *Specie* for the Reasons already set forth; so that the L. 30,000 that would be still left in *Sums*, after the L. 10,000 was paid in to the BANK, would soon come to be given in to the BANK for *Notes*; whereby the State of the *Specie* would stand thus; viz. L. 40,000 of it would still be in *Circulation*, and the other L. 40,000 that was formerly in *Sums* of *Money* would now be in BANK, and this in BANK only charg'd with L. 30,000 of *Notes* given in Exchange for *Money*, for no *Notes* would be issued for the L. 10,000 paid in by the *Proprietors*.

THE BANK finding, that the L. 30,000 of *Notes* that are out, make but a small *Demand* upon the L. 40,000 *Specie*, reckon'd to be in the BANK, we will suppose she ventures to issue *Notes* to the *Amount* of L. 70,000 in *Loans* upon *Interest*; These at an *Interest* of 5 per Centum bring to the BANK L. 3500 per Annum, whereof allowing L. 1000 to defray the Charge of the Office and Management, there would still remain L. 2500 Sterl. for a *Dividend* to the *Bank Proprietors*.

THUS the *Bank Cash* reckon'd to L. 40,000 *Sterling*, would bear the Weight of L. 100,000 of *Notes*, whereof L. 70,000 as the *Amount* of what of 'em we have suppos'd issued in *Loans*, and L. 30,000 as the *Amount* of these given in Exchange for *Specie*.

NOW, I have put the *Suppositions* so, as they may well be applied to the Circumstances of the BANK of Scotland; only, I have taken no Notice of the second Call for L. 10000 that was answer'd by her *Proprietors*, because (as I am presently to show) it could have little or no Effect towards the supplying the *Bank* with more *Specie*.

SHOULD it be reckon'd that *Notes* are at present issu'd by the BANK in a just Proportion to her *Specie*, yet that does not hinder, but upon augmenting her *Cash*, *Notes* may be issu'd, (for the Reasons formerly set forth) to a far greater Proportion; but supposing they were only to be issued in the same Proportion, it were for the *Interest* of the BANK that her *Specie* were increased, and this is the Design of the *Proposals*.

A Call upon the *Bank-Proprietors* for *Specie*, would by no Means answer the End, Why? Because this Call would be answer'd in *Notes* and not in *Specie*, seeing, as we have suppos'd, and I hope with a great deal of Reason,



son, that what *Specie* can be spar'd from *Circulation*, is in the *BANK* already, and therefore the *Proprietors* behoved to answer in *Notes*; for it is always to be understood, that the *Specie* necessary for *Circulation* cannot be spared. And should any of them who are possess'd of a little *Specie* which they had kept out for some necessary Uses, be oblig'd to part with it to answer the *Call*, it would be of no Service to the *BANK*; for how soon these Persons came to be possess'd of *Bank-Notes*, they would soon demand *Specie* from the *BANK*, to replace what they had paid in; so the *State* of the *Bank-Cash* would be the same that it was before, with this Difference only as to the *Notes*, That in place of *L. 100,000* of *Notes*, which the *BANK* had out before, there would be now, but *L. 80,000* out: And tho' the *BANK* finding, as has been said, that her *Cash* could bear the Weight of *L. 100,000* in *Notes*, should then think fit to issue *L. 20,000* more of 'em in *Loans* to compleat that *Sum*, pray, what Good will it do? None at all; the *Bank* shall just lend out what her *Proprietors* pay in, and no more: Whereby it won't be pretended, that the *Proprietors* gain one Farthing. So that a *Call* for *Specie* upon the *Bank-Proprietors* would be to no Purpose, seeing it would be answer'd only in *Notes*, and not in *Specie*.

BUT was the *Bank-Cash* increas'd in very *Deed*, suppose from *L. 40,000* to *L. 60,000* by the *Measures* propos'd, while enough of *Specie* was dispers'd in *Circulation*, for ordinary Uses, this *L. 60,000* would be able to stand a much greater Shock of *Demands*, and consequently the *BANK* might issue, as is already observ'd, *Notes* in *Loans* to a very great *Amount*, far beyond what she does now: Why? Because, as has been said, there being no Occasion for Distrust, the *Demands* upon her would not be in proportion to the *Notes* issu'd, but to the *Emergencies* of *Trade* and *Business*, which, thus furnish'd, she would not be straitned to answer.

FOR tho' it were admitted, that the *Bank-Cash*, which, in her present Circumstances, we have suppos'd to amount to *L. 40,000*. may, by the *Demands* occasioned from *Emergencies* in *Trade* and *Business*, be sometimes reduc'd to a low *Ebb*; so that it might not be advisable to issue upon it a greater Quantity of *Notes* in *Loans*; yet this makes nothing against my *Supposition*, That, upon the Addition of *L. 20,000 Specie*, making *L. 60,000*. which, it may reasonably be thought, would be more than sufficient to answer these *Emergencies*, a much greater Quantity of *Notes* might be issued.

I have indeed suppos'd the *Loans* may be extended *L. 200,000*. and more, beyond what they are now; but the *Assurance Company* leaves it intirely to the *Discretion* of our *Bank-Company* to lend, as they themselves find the Circumstances of the *Nation* can bear: Had they propos'd, that the *Bank* should be oblig'd to increase her *Loans* in any Quantity, there might have been

some Ground for making an Objection: But, as they by no means pretend to do this, for my part, I can't apprehend where there should be any Difficulty.

3dly, SOME may think, that, was the Proposal accepted, and the Design so far pursu'd, that the Loans came to be extended L 200,000. or even L 100,000 beyond what they are now, however advantageous this would be to the Bank-Proprietors, yet it might be a Loss to the Country; for, upon the Supposition, that the Assurance Company was intitled to the Half of the Interest of these Loans, then upon L 200,000 supposed to be lent, they would draw L 4000 per Annum, or upon L 100,000 lent, they would draw L 2000 per Annum, supposing the Interest of the Loans were only after the Rate of 4 per cent. which would afford that Company 20 per cent. for their Money in the one Case, and 10 per cent. in the other, and thereby draw a great deal of Specie from Scotland.

HE who is at the Pains to examine, will soon dismiss this Objection; for it will easily occur, that, should Foreigners lend to Scotland L 100,000 in Specie, and lend it upon Land-securities, they would find Borrowers enow at 5 per cent. Interest, which would necessarily draw L 5000 in Specie out of Scotland, for the Interest, and at the same Time subject us to a Call for L 100,000 Specie, upon a very short Notice, if any at all: Whereas, by the Supposition made upon the Foot of the Proposals, L 100,000 must be lent, ere the Assurance Company draws L 2000 per Annum; and when they come to demand their Principal, in place of making a Demand for L 100,000 Specie, as would be made in the other Case; in this Case the Demand can only be for L 20,000. and that upon Twelve Months Notice.

IT is a Question, but it were for the Interest of our Country, that we had L 100,000 in Loan from Foreigners, at 5 per centum Interest; for 'tis very probable that this Sum employed in Trade, Manufactures, or Improvements of Land, as it could not but be, would bring more to the Country than the 5 per centum Interest: But it is certain, that it were for the Interest of the Country to borrow L 100,000 from Foreigners, could they have it, at 2 per cent. Interest, were they even oblig'd to repay the Principal, when requir'd; But that it would be for the Benefit of the Country to have the Use of L 100,000 at 2 per cent. Interest; and, in place of repaying the L 100,000. to repay but 20,000. as in this Case, and that upon so long a Notice, as will suffice us to provide it, is what, I believe, will, with Men of Sense, scarce be made a Question.

NOW, if upon the L 20,000 Specie, that the Assurance Company propose to furnish our BANK with, the Bank will be enabled to issue Notes for 100,000 L. in Loans, which have the same Effect as L 100,000 Specie; it is highly reasonable that the Assurance Company reap some Part of the Profits arising thence,

thence, especially seeing what they draw can never exceed an Interest of 2 per cent. of the Money, they enable the *Bank* to lend, and furnish our Country with, which, at the same Time, brings much greater *Advantages* to the *Bank*, and our whole *Country*.

THO' Twelve Months Notice, for repaying the £ 20,000, if demanded, may well be reckon'd long enough; yet was there no other Difficulty, it is very probable, the *Assurance Company*, rather than have so good a Design marr'd by a Trifle, might possibly grant some longer Time, or condescend to accept of the same by *Parts*, I mean, 10,000 at a Time, and allow a Year for each Payment.

I should have reckon'd my self very much oblig'd to *him*, who would have taken the Pains to show any Hardship or Inconveniency in the *Proposals*, and signify any Difficulty which it was necessary to remove; and I would have cheerfully us'd my good Offices with my *Principals*, who being Gentlemen of the strictest Honour, I am pretty sure, would have been ready to hearken to Reason; tho' for my own part, I profess I don't yet see that the *Proposals* can, in any one Article, involve us in the least Inconveniency.

4<sup>th</sup>, TO carry our Views of the Matter, as far as we can, let us suppose, That, when the *Bank-loans* are compleated to the full *Extent* mentioned, the very worst happens that can be imagined, I mean, an *Invasion accompanied with a civil War*; what would the Consequence be? Surely not worse than it must be, if this should happen to us in such Circumstances as we are in at present, or as we have been in at any Time heretofore.

IT will be allow'd on all Hands, That, if a *Foreign Enemy* was in our Bosom, and we were divided among our selves, the *Bank of Scotland*, on the Foot she is now, however confin'd her *Loans* are, behov'd to give Way, not being able to stand against the *Run* that would needs be made upon her: And tho' it should also be granted, that the *Bank*, under the Circumstances propos'd, behov'd in such a Case likewise to give Way: So far the Consequences would be but the same, to the *Bank* in either Circumstances.

BUT I'm inclin'd to think, that in the Calamity of an *Invasion* and *Civil War*, a *Run* upon the *BANK*, so as to exhaust her Cash, and occasion her shutting up, would be for the Interest of the *BANK*, and of the whole *Nation*; seeing nothing could be more dangerous to the *BANK* than at such a Time to remain possess'd of Cash, when she would be in danger of being robbed or spoil'd of it, either by a *Foreign* or *Domestick* Enemy.

IF so lamentable a Case should happen, the *BANK* could not do better than to empty her Hands of Cash as soon as she could, in Payment of her *Notes*; and if the Calls upon her were not quick enough, even to give publick Notice, that those possess'd of her *Notes* might come and receive their

E

Money,



Money, till *she* is exhausted of her *Specie*, and then to shut up, and declare *Interest* to be payable on her outstanding *Notes*, till *she* should open to pay. Thus every one would rest satisfied with the *Bank-Notes* on the Bottom propos'd, knowing them to be just as secure as *Titles of Land*. An exact Instance of this we had in this same *Bank*, during the late Rebellion, when tho' *she* was shut up, her *Notes* pass'd all the while as Money, without the least Discompt.

5<sup>tho</sup>, PERHAPS it may occur to some, That if the *BANK* was upon any Occasion drain'd of her *Cash*, and oblig'd to shut up, and pay *Interest* on her *Notes*, there would not only during that Space be a *Surcease* of *Profits* to the *BANK*, but in case *she* should lend for less than the legal *Interest* of 5 per Cent. *she* might sustain a *Loss* in her *Stock*, seeing *she* behov'd to pay a greater *Interest* on her *Notes*, than *she* did in this Case receive for her *Loans*.

HE that considers will easily observe, That the *BANK* on the Footing propos'd, will be in a much better State than *she* is now, or has ever hitherto been : Indeed, should the *BANK*, on her present Footing, be drain'd of *Specie*, and shut up, it is certain there must be a *Surcease* of her *Profits*, because, admitting that the *BANK* should get as high *Interest* as *she* pays, and had the *Interest* of the L. 20,000 paid in by the *Proprietors*, over, yet this *Interest* of the L. 20,000, would be little enough to defray the Charges of the Office and Management ; so that in this Case, the *Bank Proprietors* could expect no *Dividend*. Whereas, on the Footing propos'd, the *BANK*, even supposing *she* lent for less than the legal *Interest*, might nevertheless make it a *PROVISO*, which all the Borrowers would readily agree to, that the *Bank-Loans* should in the Event of her shutting up, pay the legal *Interest* ; Thus *she* would get as much as *she* paid, and in place of the *Interest* of L. 20000 over, which on the Foot *she* is now, *she* would have, for defraying the Charges of the Management, *she* would on the Footing propos'd, have the *Interest* of L. 40,000 ; and supposing the *Interest* of L. 20,000 of that, went to defray the Charges of the Management, there would still remain the *Interest* of L. 20000 to the *BANK*, which would make a *Dividend* of 10 per Centum of *Profits* to the *Bank Proprietors*, and this upon the very worst Supposition that can be made upon the Footing propos'd.

I come now to consider the *Proposals*, in Reference to the negotiating *Bills of Exchange*. Some will be apt to say, that it was formerly tried by the *Bank*, to little Effect.

I would humbly ask, if ever it was tried in such a Manner, I mean, with a Company, and with such Inducements as are now propos'd, viz. That the *Bills* should be payable at Sight, and the *Exchange* reduc'd to a Certainty.

Sup-

Suppose it was not to exceed one *per cent.* such a small Matter as every one would rather chearfully pay, than be at the Trouble, or run the Hazard of carrying *specie*. Was it ever carried on before on such a *Footing*, as to exempt the *Bank* from the least possible Danger of losing, yea, or advancing one Farthing on that Head? When the *Bank* dealt in the Business of *Exchange*, it was long before the *Union* of the *Kingdoms*, at a Time when the *Intercourse* twixt *London* and *Edinburgh* was not to be compared to what it is now, and she dealt in such a confus'd and narrow Way, as did not even carry the *Intercourse* that was.

THE *Terms* on which it is propos'd the Two Companies are to deal in *Exchange*, are so plain and easie, and so obviously for the *Advantage* of the *Bank*, that I should disparage the Understanding of the Reader, did I pretend to enlarge on them.

BUT I think I hear it suggested, as if it was not expedient to propose such an *Intercourse* of *Exchange* at present, seeing some of the Gentlemen in the *Direction* of the *Bank*, who are private Dealers in *Exchange*, would heartily oppose it, as what might oblige them to give up with their own private Gains, for the *Advantage* of the *Bank*.

IT is true, where a publick Good and private Gains contend, it is but seldom that the first wins the Day; but one would think that the *Bank Proprietors* are not so tied up, but, if they find it for their Interest, they can set these Dealers aside from being *Directors*, and put such indifferent Persons in their Places, as will study the Good of the *Company*; especially, seeing in Negotiating *Bills* of *Exchange*, the *BANK* only exercises her own Right, that she is expressly invested with by her Charter.

WERE these *Proposals* accepted, and the *Design* pursued, it might well be expected, that a greater *Scene* of Business would be opened here, than ever was before; those of every Profession would partake of the Advantages of 'em; where one now in his own private Business draws Twenty Shillings, it were but reasonable for him to expect Forty. At present, every one finds himself less or more cramp't in negotiating his *private Affairs*, by reason of the *Scarcity* of *Money*; the Sick is almost despair'd of, ere he calls a Physician, a Man must be under the outmost Necessity, ere he can think on the Charges of *suing* for his *Right*; the Industrious can't find *Bread* for his *Labour*, which must necessarily lessen our *Export*, and *Abstinence* and *Penury* are introduced among our selves, to the Discouragement of our Merchants at *Home*. To relieve us from all these, is the *Design* of the *Proposals* now offered.

I know, that very often the most useful *Proposals* have been treated with the greatest Contempt; but a Man that has any Share of good Sense, must perceive how absurd this Conduct is: If the World had been always

made to new Discoveries, we had been still at Barbarous as the most ignorant of our Ancestors; and sure, one can't read the *Proposals* now offer'd with any Degree of Attention, but he must be ready to think, they will be *agreed* with Pleasure, unless this is sufficient to *Reject* them, that they are made *feasible*, and for the publick Good.

If these *Proposals* are acceptable, I shall take an Opportunity to show, how they may be very much improv'd for the Benefit of the Nation in general, and of the Bank Company in particular: If they are not, I shall think my self very much oblig'd to any who will give themselves the Trouble of offering their *Objections*; and if they are of Weight, I shall endeavour to remove them, or ingeniously own the Invalidity of the Scheme, and insist on it no more; but be glad if it excites others of better Judgment, to offer what may more effectually Answer the Ends here propos'd.

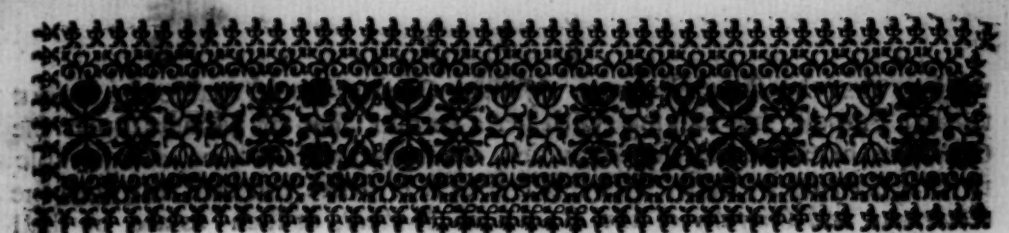
N. B. Copies hereof are order'd to be deliver'd to the Proprietors of the BANK, at William Brown Stationer in the Parliament-Close his

Shop, GRATIS.

F I N I S.







**C O P Y**  
**O F T H E**  
**POWERS** given by the **DIRECTORS** of the *Royal*  
*Exchange Assurance Company* at *London*,  
**T O**  
**JAMES ARMOUR** Writer in *Edinburgh*,  
To offer **PROPOSALS** for making  
**The BANK of SCOTLAND**  
More Useful and Profitable.

**Mr. JAMES ARMOUR,** *London, 16. August*  
*1721.*

**S I R,**



E whose Names are hereunto subscrib'd, being a Committee appointed by a Court of Directors of the *Royal Exchange Assurance Company*, for treating with you in reference to a *Proposal*, which (as you had signified) you was ready to offer, with a View to serve the said Company; having several Times conferr'd with you, and consider'd of what you propos'd, are of Opinion, That if the **BANK of Scotland** was furnished with a greater Quantity of *Cash* than what she is now possess of, she might considerably increase her *Loans*, and from the *Interest* of 'em make much greater *Profits* than she does now, or can do, upon what *Cash* the *Proprietors* of that **BANK** have hitherto paid in. And we being willing

willing, that the *Royal Exchange Assurance Company* should enable the *BANK* to that Purpose, by lodging with her a certain *Sum* of Money, upon the *Conditions* hereafter mentioned, which, we hope, will not be disagreeable to that *Company*; DO THEREFORE desire you to Treat with the *Governour* and *Company* of the *BANK* of *Scotland*, or such as are, or shall be vested with sufficient *Powers* from them; and to offer it as our Opinion, That the *Royal Exchange Assurance Company* should lodge in that *BANK* a *Sum* not exceeding *Twenty Thousand Pounds Sterling*, upon that *BANK's* becoming bound and obliged, by a proper *Instrument* or *Deed* in Writing, to repay the same to the *Royal Exchange Assurance Company*, within the Space of *Twelve Months* next after the same shall be demanded, and that they agree that the whole *Surplus* of free *Profits* arising to the *BANK* by the *Interest* of her *Loans*, from the *Date* of the *Agreement*, be equally divided betwixt the *Two Companies*, after deducing and allowing to the *Proprietors* of that *BANK's* *Stock* the *Sum* of \* *Two Thousand Five Hundred Pounds per Annum*, as a *Dividend* of free *Profits*, upon the *Twenty Thousand Pounds Sterling* already paid in by them of their *Capital*, so long as the said *Sum* of *Twenty Thousand Pounds Sterling*, to be advanced by the *Royal Exchange Assurance Company*, or any Part thereof, shall remain with the said *BANK*. But it is to be understood, that the *BANK* shall not be at Liberty to Repay the *Sum* that shall be advanced to them, by the *Royal Exchange Assurance Company*, for the Space of *Nineteen Years* next after the Executing of the *Agreement*, unless it is sooner demanded by the *Royal Exchange Assurance Company*, upon *Twelve Months* Notice, as aforesaid.

As it will be for the *Interest* of both *Companies* in case of this *Agreement*, that People be encouraged to borrow of the *BANK* of *Scotland*, therefore that *BANK* is to be at Liberty to lend at such low *Interest* as the *BANK COMPANY* shall think proper, being only to be accomptable in Proportion to what she receives; And tho' the *Bank* is not oblig'd by the *Agreement* here proposed, to call upon the *PROPRIETORS* of *Bank-Stock* for any more of their *Capital* than what is already paid in, yet it is to be understood, That the *Twenty Thousand Pounds Sterling*, already paid in by them of their *Capital*, is to remain in the *BANK*, so long as the aforesaid *Sum* of *Twenty thousand Pounds Sterling*, or any Part thereof, which the *Royal Exchange Assurance Company* is to lodge in the *BANK*, continues with her: And in case the *Governor* and *Company* of the *BANK* of *Scotland*, or such as are or shall be vested with full *Powers* from them, think fit to agree to, and accept of these *Proposals*, we promise, upon your reporting thereof to us, to use our *Endeavours* to persuade the *Royal Exchange Assurance Company*, on their Part, to agree to ratifie and execute the same.

T H E S E

\* N. B. This is the *Dividend* the *Bank* are in Use to make, being 20 per Centum upon the *L. 10000 Sterl.* first paid in of their *Capital*, and *L. 5 per Cent.* upon the second Payment.

THESE *Proposals* we offer upon the Assurances you have given us, that the BANK does lend nothing, but either upon Land-Security in Scotland, where Registers are kept, or else upon personal Security, where Three Persons reputed to be responsible, are jointly bound: We wish you good Success, and are,

SIR, Your humble Servants,

RAND. KNIPE, *Dep. Gov.*

ROB. LOCKWOOD.

J<sup>N</sup>O PHILIPS.

WILL. DUNSTER.

THOM. PANUWELL.

JAM. BRADLEY.



Mr. JAMES ARMOUR,

London, 16th August 1721.

S I R,

WE whose Names are hereunto subscrib'd, being a Committee appointed by a Court of Directors of the Royal Exchange Assurance Company, for treating with you in Reference to a Proposal, which (as you had signified) you was ready to offer, with a View to serve the said Company, having conferred with you, and considered of what you proposed, are of Opinion, that it would be for the Advantage, both of the said Company, and of the BANK of Scotland, that an Intercourse of Exchange were settled betwixt them: Therefore, in order to engage that BANK in this, by satisfying the Proprietors, that they can run no Risk in it, we desire you to offer it as our Opinion, That the Royal Exchange Assurance Company should agree to honour and pay, from Time to Time, Bills of Exchange, to be drawn on this Company by the Governor and Company of the BANK of Scotland, or by such Person or Persons as they shall appoint, to the Amount of Five thousand Pounds Sterling; the said BANK being always to answer from Time to Time, any Bill or Bills to be drawn upon her by the Royal Exchange Assurance Company, or such as they shall appoint, to the Amount of what Sum or Sums this Company shall have paid, on that BANK's Bills for the Time: And how oft soever that BANK, by answering Bills to be drawn upon her by the Royal Exchange Assurance Company, shall repay any Part of what this Company shall have advanced upon her Bills, so far may the BANK renew her Draughts upon the



the *Royal Exchange Assurance Company*, but so as the *Amount* of what she shall be in Arrear to that *Company*, upon the Head of *Bills of Exchange*, shall not exceed the said *Sum* of *Five thousand Pounds Sterling* at any one Time, upon this *Condition* always, That the free *Profits* to be gain'd by Way of *Exchange*, upon these *Bills* to be drawn by both *Companies*, shall be equally divided betwixt the said Two *Companies*, a just and equal *Half* to each ; Each *Company* being to defray the Charges of *Postage* and *Management* on their own Side, without deducting any Thing from the *Profits* of the *Exchange*, and that the *Accounts* thereof shall be fitted and cleared 'twixt them, as often as either of them shall require: And in case the *Governor* and *Company* of the *BANK* of *Scotland*, or such as are or shall be vested with sufficient *Powers* from them, think fit to agree to, and accept of these *Proposals*, we promise upon your reporting thereof to us, to use our outmost Endeavours to perswade the *Royal Exchange Assurance Company*, on their Part, to agree to, ratify, and execute the same. We wish you good Success, and are,

SIR, Your humble Servants,

RAND. KNIPE. *Dep. Gov.*

RO. LOCKWOOD.

J<sup>N</sup>O PHILIPS.

WILL. DUNSTER.

THOM. PANUWELL.

JAM. BRADLEY.



# POSTSCRIPT.

THOSE of the *Bank-Proprietors*, to whom the *Proposals* offer'd, are acceptable, would do well, to give their Votes for such *Gentlemen*, to be *Directors Ordinary* and *Extraordinary*, as will calmly and without Prejudice *Examine* them, the *Governour* and *Deputy-Governour* being already chosen with Approbation.

A good Number of the *Bank Proprietors*, seeming to agree in the following *List*, I venture to subjoin it.

## For Ordinary Directors.

*James Auchinleck* of *Woodcockdale*.  
*Alexander Cleghorn* Merchant in *Edinburgh*.  
*William Drummond* Writer there.  
*Thomas Dundas* late Baillie there.  
*Andrew Fletcher* Younger of *Saltoun*.  
*Alexander Glas* Writer to the Signet.  
*James Gordon* Senior Merchant in *Edinb.*  
*Alexander Hamilton* of *Daichmont*.  
*John Lumsdain* Writer to the Signet.  
*Andrew Marjoribanks* of *That-Ilk*.  
*Thomas Pringle* Writer to the Signet.  
*John Russel* of *Broadshaw*.

## Extraordinary Directors.

*Sir John Anstruther* of *That-Ilk*.  
*William Baillie* of *Lamingtoun*.  
*Mr. Alexander Campbell* Advocate.  
*Sir Hagh Dalrymple*, Lord President of Session.  
*Sir John Elphinston* Advocate.  
*Mr. James Graham* of *Airth* Advocate.  
*Sir Francis Grant* of *Cullen*.  
*George Lockhart* of *Carnwath*.  
*Sir James Mackenzie* of *Raystoun*.  
*Walter Montgomery* of *Kirkcounholm*.  
*Sir John Swinton* of *That-Ilk*.  
*Robert Watson* of *Muirhouse*.

POST 209

The following is a list of the names of the persons who have been appointed to the various positions in the Department of the Interior, for the year 1890:

*[The page contains faint, illegible text, likely bleed-through from the reverse side.]*



